GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Municipal Administration & Urban Development (CRDA.2) Department – APCRDA - Proposal for approval on issue of Amaravati Bonds 2018 through private placement basis on Electronic Bidding Platform(EBP) – Orders – issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (CRDA.2) DEPARTMENT

G.O.MS.No. 266 **Dated: 09-08-2018**

Read the following:-

1. G.O.Ms.No.65, MA&UD(CRDA.2) Dept., dated: 08.02.2018.
2. From the Commissioner, APCRDA, E-file.No.CRDA-16021(33)/1/2018-PM5-ACCT-APCRDA, dt.13.07.2018.

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O R D E R :-

APCRDA as a part of comprehensive financial plan, had proposed to raise INR 2000 Crores from Bonds on private placement basis and this has been approved by the APCRDA Authority vide its resolution No.21/2015 of its 1st Authority Meeting held on 28.08.2015 and vide its resolution 86/2016 of its 7th Authority Meeting held on 07.12.2016.

2. Government also had approved for raising INR 2000 Crores through Bonds and accordingly orders issued vide the reference 1st read above.

3. In this connection, the Commissioner, Capital Region Development Authority has informed that based on the Government's approval, APCRDA undertook credit rating for Bond issue with structured obligations over and above Government guarantee. The issue received AA- (SO) from Brickworks and ACUITE (earlier SMERA) and A+ (SO) from CRISIL and after that an RFP for finalizing the arrangers was issued on 21st May 2018. Salient features of the RFP include the following:

a. Brief details of eligibility criteria:

   Valid SEBI Registration certificate as 'Category-I' Arranger, should be in Top 20 ranking of 'All Category' league table of Prime Database in any three financial years out of last five year, should have mobilized for Rs.1,000 crore in any three financial years out of last five years taken together, should have a minimum net-worth of INR 10.00 crore.

b. Minimum commitment Rs.500 Cr

c. Bidding parameter: Annualised IRR of Coupon rate quoted and the arranger fee quoted.

4. The Commissioner, Capital Region Development Authority has informed that to take forward the Bonds issuance, with the approval of the APCRDA Authority, vide Authority Resolution No.228/2018, CRDA has appointed Bankers to the Issue, Debenture Trustee, Registrar to the Bonds' issue and the APCRDA Authority in its Resolution No.255 /2018 of its meeting held on 31st May 2018 to comply with SEBI guidelines, has nominated the Standing Committee to oversee

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the proposed Bonds issuance, Bidding process for selection of merchant bankers and to evaluate coupon rate and the arranger fee received in the bidding. The Committee was constituted with the following members:

a. Vice Chairman, AP Planning Board,
b. Principal Secretary to Government (FAC), Finance Department.
c. Commissioner, APCRDA,
d. Subject Matter Expert and
e. Special Commissioner, APCRDA (Member-Convenor).

5. Subsequently, Standing Committee met on 5th June 2018 and has discussed the details of the credit rating, the procedure of issuance of Bonds, eligibility criteria and the method of conducting the bidding on Electronic Bidding Platform. The Committee after due deliberations, had decided to go ahead with the method of finalizing the Merchant Bankers (arranger) and after that only going to the Electronic Bidding Platform with a fixed coupon rate discovered through the tender.

6. Accordingly, the RFP process was continued for selection of Merchant Banker (Arranger) that was released on 21st May 2018 and the bids received were opened on 26th June 2018, wherein two bids, were received as under:

Sl.No.	Bidders Name	Commitment	Coupon rate	Arranger(s) Fee
1	M/s A.K. Capital Services Ltd	Rs. 500 Cr.s	10.32%	0.90%
2	Consortium of M/s Trust Investment Advisors Limited, M/s. Axis Bank Limited, M/s. ICICI Bank Limited and M/s. ICICI securities Primary Dealer	Rs. 500 Cr.s	10.35%	2.50%

7. The Commissioner, APCRDA has further informed that the Standing Committee met on 3rd July and after evaluating the coupon rate and arranger fee received in the bidding it has finally recommended the Coupon rate of 10.32%, and arranger fee of 0.85% plus GST as applicable, and commitment of Rs.1300 Crores revised by the L1.

8. The recommendations of the Committee have been placed before the APCRDA Authority in its meeting held on 4th July 2018. After deliberations, the Authority approved the recommendations vide its resolution No.266/2018 and the Bonds have been named as **Amaravati Bonds 2018**.

9. The Commissioner, APCRDA has requested the Government to issue necessary orders in respect of the following:

a. Ratification of the formation of the Standing Committee with Vice Chairman, A.P. Planning Board as Chairman, Principal Secretary to Government (FAC), Finance Department, Commissioner, APCRDA, Subject Matter Expert and Special Commissioner, APCRDA as its members to oversee the issuance of Amaravati Bonds 2018 and evaluate the coupon rate and arranger fee received in the bidding.

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b. Approval for the coupon rate of 10.32% payable quarterly as per term sheet and an arranger fee of 0.85% plus GST as per RFP terms and conditions.

c. Approval for raising Rs 2000 Cr on BSE Electronic Bidding Platform (EBP) on fixed rate method at a coupon rate of 10.32% quarterly payable with a Basic issue size of Rs.1300 Cr and a green shoe option of Rs.700 Cr. as per terms of the Term Sheet. Authorizing the Commissioner to exercise the option of green shoe option in case of good response on EBP.

d. Approve authorizing the Commissioner APCRDA to take all necessary action in this regard.

10. After careful examination of the matter, Government hereby approves the following:

a. Ratification of the formation of the Standing Committee with Vice Chairman, A.P. Planning Board as Chairman, Principal Secretary to Government (FAC), Finance Department, Commissioner, APCRDA, Subject Matter Expert and Special Commissioner, APCRDA as its members to oversee the issuance of Amaravati Bonds 2018 and evaluate the coupon rate and arranger fee received in the bidding.

b. Approval for the coupon rate of 10.32% payable quarterly as per term sheet and an arranger fee of 0.85% plus GST as per RFP terms and conditions.

c. Approval for raising Rs 2000 Cr on BSE Electronic Bidding Platform (EBP) on fixed rate method at a coupon rate of 10.32% quarterly payable with a Basic issue size of Rs.1300 Cr and a green shoe option of Rs.700 Cr. as per terms of the Term Sheet. Authorizing the Commissioner to exercise the option of green shoe option in case of good response on EBP.

d. Approve authorizing the Commissioner APCRDA to take all necessary action in this regard.

11. The Commissioner, Andhra Pradesh Capital Region Development Authority(APCRDA) shall take further necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT (CRDA)

To
The Commissioner,
Andhra Pradesh Capital Region Development Authority,
Vijayawada.

Copy to:-
PS to Prl. Secretary to Government, MA&UD(CRDA) Department.

SF/SC.

//FORWARDED : : BY ORDER//

SECTION OFFICER